

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7261

BILL NUMBER: HB 1802

NOTE PREPARED: Feb 20, 2003

BILL AMENDED: Feb 19, 2003

SUBJECT: Sunday and Holiday Alcoholic Beverage Sales.

FIRST AUTHOR: Rep. Kuzman

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows a supplemental retailer that is a hotel or restaurant to sell alcoholic beverages: (1) on Sunday from 10 a.m. to 3 a.m.; and (2) on election day. The bill prohibits sales of alcoholic beverages on Easter Sunday.

Effective Date: July 1, 2003.

Explanation of State Expenditures: Extending the hours in which holders of supplemental retailer permits may sell alcoholic beverages could require the Alcohol and Tobacco Commission (ATC) either to make changes in the patrol schedules of current excise officers or hire additional officers to address the change.

This bill does not contain an appropriation. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The Alcohol and Tobacco Commission reverted approximately \$1.8 M in FY 2002. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: (Revised) The bill will allow consumers to purchase alcoholic beverages for on-premise consumption at bars, restaurants, and hotels that have a supplemental retailer permit on Sundays from 10 a.m. until 3 a.m. Monday. The bill will also allow restaurants and hotels to serve beverages on election days. (See *Background Information*, below). Current law prohibits the sales of alcoholic beverages on Christmas day and while the polls are open on election days. This bill will prohibit sales of

alcoholic beverages at bars, restaurants, and hotels on Easter Sunday.

While it is assumed that the majority of consumers are able to purchase all the alcoholic beverages they desire to consume within the hours dictated by current law, it is possible that the added convenience and availability of alcohol sales on Sundays and election days may encourage consumers to purchase more alcoholic beverages than they would have otherwise. An increase in the overall quantity of alcoholic beverages purchased would increase state revenue from the excise taxes assessed on alcoholic beverages. The extent to which consumers may make additional purchases above what would be purchased under current law is unknown.

Based on the December 18, 2002 Revenue Forecast, excise taxes on alcoholic beverages are expected to generate \$36.1 M in FY 2004 and \$36.0 M in FY 2005. The excise taxes on alcoholic beverages are assessed on a per gallon basis and the taxes are typically collected at the wholesale level. The excise taxes collected on alcoholic beverages vary by product and by the fund to which the tax is dedicated. Revenue from alcoholic beverage excise taxes is distributed into the State General Fund, the Post War Construction Fund, the Pension Relief Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund.

Any impact on Sales Tax revenue is expected to be minimal since any additional purchases of alcohol would likely reduce consumer spending on other sales taxable items.

Background Information: Under current law, retail, drug, and package stores are limited to selling alcohol within specific time frames each day. This bill would allow these establishments to also sell alcoholic beverages from 7 a.m. on Sunday until 3 a.m. on Monday. Restaurants, bars, and other establishments are generally limited to selling alcoholic beverages Monday through Saturday, from 7 a.m. until 3 a.m. the following day, unless they meet certain requirements and have obtained a supplemental permit issued by the Commission. There are approximately 4,050 establishments have a supplemental permit to serve alcoholic beverages on Sunday. Restaurants and bars with the permit may serve alcoholic beverages from noon on Sunday until 12:30 a.m. on Monday, while hotels with a permit may serve from 11:00 a.m. on Sunday until 12:30 a.m. on Monday. This bill will allow restaurants, bars, hotels, and other establishments that have received a supplemental permit to serve alcoholic beverages from 10 a.m. on Sunday until 3 a.m. on Monday. Under current law, establishments that have a supplemental permit may sell alcoholic beverages on Easter Sunday.

Explanation of Local Expenditures:

Explanation of Local Revenues: Fifty percent of the revenue from the excise tax on alcoholic beverages distributed to the State General Fund is set aside for State General Fund purposes and 50% is allocated to cities and towns based on population.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: Alcohol and Tobacco Commission; *December 18, 2002, Revenue Forecast Update*

Fiscal Analysts: John Parkey, 317-232-9854